

Meeting Management Challenges

Overview

Secretary Daley and Deputy Secretary Mallett have made management a key priority of their tenure. The Department's achievements in FY 1999 include:

- Improving Department-Wide Financial Management,
- Implementing Procurement Innovations,
- Enhancing Facilities Management,
- Instituting a Digital Department,
- Promoting Human Resources Initiatives,
- Preparing for the Decennial Census, and
- Facing Future Challenges.

Improving Department-Wide Financial Management

The Department took several steps to ensure accurate financial data that complies with Federal laws and regulations and to provide Commerce executives with timely, accurate financial information.

Received a clean financial statement: For the first time, Commerce received an unqualified (or "clean") audit opinion on its Consolidated Financial Statement for FY 1999, and individually for all bureaus.

Reduced reportable conditions and material weaknesses: Under Secretary Daley's leadership, beginning in January 1997, the Department reduced material weaknesses from 21 to 7 and reduced reportable conditions from 38 to 12.

Continued implementation of CAMS: The Department continued to successfully install financial systems. The Commerce Administrative Management System (CAMS) is linking the Department's financial data into a single system. The system is already in operation at the Bureau of Census. In FY 1999, the Department began implementing CAMS in NOAA and EDA.

Appointed CFOs in all the bureaus: In FY 1999, the Department completed the appointment of highly qualified Chief Financial Officers or equivalent positions in all the bureaus, by filling the remaining vacancies in EDA, the International Trade Administration, and the Patent and Trademark Office.

Enhanced our customer service tools: During this period, we published the Department's Financial Management Handbooks on our homepage and held several conferences with our bureau financial officials to ensure complete understanding and agreement with financial management objectives and approaches.

Implementing Procurement Innovations

Commerce became a recognized leader in procurement reform. Key changes include:

Became the No. 1 department in government procurement for small, minority and women- owned businesses: Commerce is now rated as the highest government agency in awards to small and disadvantaged businesses. According to the SBA, the Commerce Department awarded over 40 percent of its total procurement dollars to small business in FY 1999, putting the Department in first place. This performance level was nearly double the government-wide goal of 23 percent. The Department's performance vis-à-vis small disadvantaged firms — 14 percent of total procurement — was nearly triple the government-wide goal of 5 percent. The Department's performance also exceeded the government-wide goal for women-owned firms. The 1999 issue of the *Hispanic Business Federal Resource Guide*, for example, cited Commerce for its minority procurement efforts and the 1998-1999 edition of the *Hispanic Business Magazine* rated the Department's efforts as an "A."

Created first government-wide set aside for small businesses: The Department created the first government-wide acquisition contract (GWAC) set-aside for small and disadvantaged businesses — the Commerce Information Technology Solutions (COMMITTS). This innovative program will award some \$1.5 billion in information technology contracts to small business over the next five years.

Increased access and opportunities for small disadvantaged businesses: The Department implemented several changes to increase contract opportunities for small businesses. Commerce revised its Quick Reaction Task Ordering (QRTO) agreement — the equivalent of a "retainer" — to include five minority firms. The five minority firms were pre-qualified to bid on management assistance services which require quick attention. As another avenue for increasing access, the Department participates in a waiver program that allows direct solicitation for contracts up to \$100,000 of small, disadvantaged firms from SBA's extensive database.

Enhancing Facilities Management

Improvements in facilities management provide opportunities for significant cost-savings, and the Department focused on several important areas.

Streamlined field offices: The Department reduced the number of the bureaus' domestic field offices by 20 percent since the fourth quarter of FY 1998. From the base of 747, the number of domestic field offices was reduced to a total of 591. These reductions reflect efforts to achieve economies through consolidation, collocation, and cross-servicing.

Reviewed leasing alternatives: The Department instituted oversight of all field office requirements, requiring mission critical justification and adherence to cost and efficiency standards. Nearly 100 domestic field offices had leases that were due to expire by the end of 2000. Through the close of calendar year 1999, the Department reviewed, and conditionally approved, 44 field office leases, with the remaining 56 leases to be reviewed during 2000. To support potential future cost savings, most of the lease renewals include options such as month-to-month renewals or 30-day non-penalty early termination provisions which may be exercised upon securing alternative quarters that are more consonant with the new streamlining policy.

Increased energy efficiency: During FY 1999, the Department achieved a 33% reduction in energy usage, compared to the FY 1985 baseline. That performance exceeds the FY 2005 goal and is the 5th consecutive year in which Commerce surpassed the federal goal. This reduction produces savings and cost avoidances of \$4 million a year. The environmental benefits are also significant — annually saving 30 million kilowatt hours of electricity and reducing carbon emissions by 8,000 metric tons. The Department's headquarters is designated as a "showcase"

facility, demonstrating successful results of energy efficiency practices. Commerce was one of the first participants to use the Department of Energy's Super Energy Savings Performance Contracts for our laboratories in Seattle, Washington. We are currently installing renewable geothermal energy systems in many of our east coast laboratories.

Better Management of Information Technology

Information technology will continue to be a major driver of the Department's innovations in management. In FY 1999, the Department took several steps to improve management of IT, including:

Promoted the use of CD-ROM for Y2K activities: The Department developed a customer-friendly Y2K Self Help Tool on CD-ROM that was available in 11 languages. This tool was used to help small and medium-sized businesses with a variety of business needs potentially affected by Y2K: systems inventory, business criticality assessment, remediation planning and management and contingency planning. Well over 600,000 copies of this tool were distributed in the U.S. and abroad. CD-ROM technology was also used to disseminate official budget and GPRA documents for ready reference by a range of users.

Implemented a comprehensive IT review process: The Department set up an Information Technology Review Board (ITRB) under the Chief Information Officer (CIO). The Board conducts comprehensive reviews of all information technology planning, acquisition, and deployment. Five-year capital planning is also regularly examined by the Board. The capital planning reviews have led to lower expenditures, the rejection of unnecessary investments, the elimination of low priority projects, the adoption of centralized standards, and accelerated procurements.

Modernized the National Weather Service: The Department completed the installation of a major software upgrade — the Advanced Weather Interactive Processing System — at the National Weather Service on schedule and within budget. This achievement greatly enhances the Department's forecasting capabilities. In FY 1999, for example, the Department increased lead time notice of severe weather events — tornadoes and flash floods — by 20% over 1997 and will increase lead times by 50% by 2005. This achievement greatly enhances the Department's forecasting capabilities. As a result, modernization was dropped as a material weakness by the Inspector General.

Achieved Y2K compliance: In September 1999, the Department completed Y2K compliance for 100 percent of its 473 mission-critical systems (ships, satellites, weather equipment). Our 693 non-mission critical systems were made compliant prior to year's end. As a result of these preparations, Commerce experienced no Y2K related problems.

Human Resource Initiatives

Human resources management remains one of the highest priorities for the Department. Commerce has taken bold steps in this area, including the following:

Inaugurated the SES 2000 Program: The Department created this program in partnership with the Senior Executive Service Association to enhance the quality and capabilities of its senior executives. SES 2000 includes: (a) sabbaticals, so our executives may engage in highly focused development projects, (b) candidate development, to identify promising senior executive candidates and develop their capabilities, (c) mobility, to rotate SES members to align management expertise to key management problems, and (d) training, to ensure our executives possess state-of-the-art knowledge pertinent to their performance.

Launched an automated employment application process: The Department developed and piloted an automated employment application process – Commerce Opportunities On-Line (COOL) – in FY 1999. COOL, an automated, web-based vacancy announcement, application, and referral system, is available 24 hours a day, 7 days a week. COOL permits potential job applicants to review announcements and submit on-line applications. The system also greatly reduces the time needed to rank and select applicants. In pilot testing, COOL reduced average processing time from 4½-to-5½ months in the traditional approach to 2-to-3 weeks.

Promoted income independence: Under this President's Welfare-to-Work initiative, Secretary Daley committed the Department of Commerce to hiring 4,180 individuals formerly dependent upon welfare, nearly 40 percent of the total Federal goal of 10,680. During FY 1999 alone, the Department hired 4,297, way ahead of schedule, and had hired a total number of 5,553 during the FY 1997-1999 time period, dramatically exceeding the established goal.

Preparing for the Best Decennial Census in U.S. History

Few projects are more important to the Nation than the decennial Census. Preparations to conduct the Census were top priority.

Used advanced technology to support the Census: The Census Bureau adopted the best technology to expedite results and improve accuracy. The Bureau will test Internet filings and compare results with traditional collection methods. Up-to-date systems were introduced to track preparations, schedules, logistics and administrative support. State-of-the-art custom software was employed to provide senior managers with critical performance indicators. For the first time ever, decennial Census enumerators will use portable computers to enter data on-site during interviews. Files will be downloaded, eliminating follow-up entry procedures and the potential for mis-coding errors. Using high speed computers, data will be tested, subjected to statistical verification analyses, and then used for apportionment and analyses, which will be available to the public through the Internet and in other advanced electronic media.

Prepared for the Nation's largest peacetime mobilization: During FY 1999, a dress rehearsal held in three sites around the country came in on-budget and produced better results than anticipated. Most elements of the Department's plans for the decennial were tested and evaluated during the dress rehearsal. Population numbers were produced on time, and the numbers, including data adjusted using modern statistical methods, compared favorably with benchmarks. The Bureau prepared for a major publicity campaign, including outreach in 17 languages, that would be launched in FY 2000. Plans were completed for printing questionnaires in six languages, guides in over 40 languages, and setting up Questionnaire Assistance Centers in local communities. The Census 2000 sponsorship program entered the final stages of bringing together state and local governments, non-governmental organizations, and businesses to improve cooperation and enumeration.

Facing Future Challenges

During FY 1999, the Department took important first steps to address longer-term management challenges of great importance to the Department, the Federal government, and the Nation. While there are no short-term solutions to these challenges, decisive first steps have been accomplished.

Began partnering with Minority Serving Institutions (MSIs): In September 1999, the Department held a comprehensive Opportunities Conference for MSIs. The conference highlighted programs in which colleges and universities are currently participating, such as

financial assistance, technical assistance, and various cooperative arrangements that are reflected in multiple Memoranda of Agreement. Attended by more than 250 MSI representatives, the conference also sought input on ways of increasing the Department's assistance to MSIs, provided the representatives networking opportunities with senior bureau and Department officials, and offered workshops — ranging from financial assistance to partnership development and from preparing competitive applications to scientific research support opportunities and on how to access these and other Federal programs.

Established oversight of capital budgeting: The Department established rigorous monitoring of its capital budget program. Under new controls, the Department conducts a thorough review of plans for design, renovation, and construction of facilities and monitors their execution. A project review team, comprising Departmental and bureau members, meets weekly to monitor plans, costs, schedule, and budget for the multi-year construction of NIST's Advanced Measurement Laboratory, which will cost over \$100 million. Similar reviews are being conducted on other major projects, including a \$6 million design for new fisheries laboratories in Honolulu, and a multi-year plan involving NOAA and Census that will construct a new building and renovate two others at the Department's Suitland, Maryland campus.

Began Exploiting Information Technology: The Department is creating a fully interactive digital department. During the coming year, the Department will provide Internet access for the public through a site organized from the customers' perspective. The site will link all information pertaining to a specific subject in a one-stop electronic visit. In the following two years, Commerce will provide secure Internet access to all its employees throughout the world and significantly expand the administrative processes available electronically. The Department will also review its computer data centers to explore cost saving opportunities through consolidation. These centers are estimated to cost nearly \$150 million annually.

Developed an Hispanic Employment Plan: Secretary Daley issued an Hispanic Employment Plan in September 1999 to build a pool of qualified Hispanic candidates and to increase Hispanic representation in the different disciplines represented at the Department. This Plan sets forth a detailed strategy to address all aspects of human resource management, including increased outreach to the Hispanic community, greater use of Hispanic resources to assist in recruitment, and expansion of career development opportunities for those already working at the Department of Commerce.

